

ASSEMBLY BILL

No. 761

Introduced by Assembly Member Coto

February 22, 2007

An act to amend Section 50517.9 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 761, as introduced, Coto. Farmworker housing: disaster assistance.

Existing law requires the Department of Housing and Community Development to administer the Joe Serna, Jr. Farmworker Housing Grant Program, establishes the Joe Serna, Jr. Farmworker Housing Grant Fund, and continuously appropriates this fund to the department to make grants for specified purposes, including, under special conditions, in counties in which a disaster has been declared by the Governor for a specified period of time for farmworker housing and to defray the department's costs in administering the program.

Existing law authorizes the department to award funds from the continuously appropriated grant fund in the form of loans to local public entities, nonprofit corporations, and private property owners, for the purposes of providing disaster assistance to migrant farmworkers for housing in counties in which a disaster has been declared by the Governor pursuant to specified provisions of existing law authorizing a proclamation of a state of emergency, and for a period of 12 months after the declaration, subject to certain, listed terms and conditions.

This bill, instead, would authorize the department to award the specified funds for migrant farmworker housing in the form of loans for the specified purposes in counties in which a disaster has occurred,

and for a period of 12 months after the occurrence. By authorizing the allocation of the funds in the continuously appropriated grant fund for this new purpose, the bill would make an appropriation.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 50517.9 of the Health and Safety Code
2 is amended to read:

3 50517.9. (a) In enacting this section, it is the intent of the
4 Legislature to provide disaster assistance for farmworkers displaced
5 ~~by the 1997 floods~~ *natural disasters, including, but not limited to,*
6 *floods and freezing temperatures,* in the most expeditious and
7 fiscally sound manner possible. It is the intent of the Legislature
8 that the Department of Housing and Community Development
9 administer this section in accordance with those goals.

10 (b) In counties in which a disaster has ~~been declared by the~~
11 ~~Governor pursuant to Section 8625 of the Government Code~~
12 ~~occurred,~~ and for a period of 12 months after the ~~declaration~~
13 ~~occurrence,~~ the department may award funds *from the Farmworker*
14 *Housing Grant Fund established under subdivision (b) of Section*
15 *50517.5,* for the purposes of this section, subject to the following
16 terms and conditions:

17 (1) Loans may be made to local public entities, nonprofit
18 corporations, and private property owners to repair, rehabilitate,
19 or replace housing previously used exclusively by migrant
20 farmworker households or unaccompanied migrant farmworker
21 adults, which will be used in the future for those purposes. Loan
22 funds may be used to acquire or lease “manufactured structures,”
23 which, for the purposes of this section, means structures subject
24 to Part 2 (commencing with Section 18000) of Division 13. Private
25 property owners shall be eligible for loans only to the extent that
26 other federal and state resources, private insurance proceeds, or
27 private institutional lending sources are not available in a timely
28 manner or do not provide the coverage needed to rehabilitate or
29 reconstruct the housing without increasing the rent above that
30 charged for the units prior to the disaster.

1 (2) The department may enter into contracts directly with
2 nonprofit corporations, local public entities, or private property
3 owners to carry out the activities authorized by this section.

4 (3) Loans made under this section shall be secured by, and
5 subject to, security instruments approved by the department,
6 including, but not limited to, real property leases or liens,
7 regulatory agreements, and liens on manufactured structures. The
8 department shall establish loan terms and conditions with
9 consideration to the financial feasibility and prudent operation of
10 the housing units financed. In no event shall the loans require
11 interest at a rate higher than 3-percent simple interest or have a
12 term longer than the useful life of the housing units. Repayments
13 may be deferred for the first five years of the loan term, if the
14 department determines that it is necessary for fiscal integrity or to
15 prevent foreclosure.

16 (4) In making any loan, the department shall require that the
17 borrower meet all of the following conditions:

18 (A) The borrower shall be capable of providing occupancy in
19 decent, safe, and sanitary housing that meets all of the requirements
20 of law within six months after the award of funds.

21 (B) The borrower shall demonstrate the financial feasibility of
22 the project.

23 (C) Prior to disbursement of funds, the borrower shall identify
24 the property on which the housing will be repaired, rehabilitated,
25 or replaced, and provide information satisfactory to the department
26 related to the costs and sources of funding necessary to complete
27 the repairs, rehabilitation, or replacement. All costs shall be
28 reasonable, considering the necessity of expeditious rehabilitation
29 or replacement.

30 (5) Priority for use of the funds shall be given to borrowers who
31 will provide housing at the earliest date.

32 (6) All units assisted under this section shall remain affordable
33 to low- and very low income households for the life of the project.
34 ~~For the 1997-98 growing season, farmworkers~~ *Farmworkers* who
35 previously occupied the damaged or destroyed housing shall have
36 first priority to occupy any unit assisted under this section.

37 (7) If units assisted under this section are built or rehabilitated
38 in the same natural disaster zone as the units damaged or destroyed
39 by the disaster, the borrower shall maintain disaster insurance on
40 the units for the useful life of the units. For purposes of this section,

1 “disaster insurance” means fire, earthquake, flood, or other
2 insurance against the natural disaster that damaged or destroyed
3 the housing units.

4 (8) To the extent that any housing unit that was damaged or
5 destroyed is reconstructed under this section with substantially the
6 same number of units, it shall be deemed to be “existing housing”
7 for the purposes of subdivision (d) of Section 37001.5.

8 (9) The department may waive any requirements of Section
9 50517.5 and any regulations promulgated thereunder that are
10 inconsistent with prompt and effective implementation of the
11 program described in this section. In addition, any rule, policy, or
12 standard of general application employed by the department in
13 implementing the provision of this section shall not be subject to
14 the requirements of Chapter 3.5 (commencing with Section 11340)
15 of Part 12 of Division 3 of Title 2 of the Government Code. Awards
16 of funds made pursuant to this section shall not be subjected to
17 review or approval by the Local Assistance Loan and Grant
18 Committee of the department operating pursuant to Subchapter 1
19 (commencing with Section 6900) of Chapter 6.5 of Title 25 of the
20 California Code of Regulations.